


For: State and County Offices, CMA's and LSA's

**Automated Cotton Recording System (ACRS) Processing Delays
Immediate Commodity Certificate Exchanges for Upland Cotton**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

Previous policy for exchanging loan collateral for commodity certificates did not provide for loan advances with immediate exchanges of loan collateral with a commodity certificate.

The malfunction of the Cotton Receipts Tracking System (CRTS) during the week of November 13, 2001, resulted in ACRS processing delays for:

- cotton loan advances
- loan redemptions
- certificate exchanges for loan collateral
- loan advances and immediate redemption by certificate exchange.

Transactions involving repayments by cash, or repayments by producers' agents that had been processed, are not affected by this notice.

B

Purpose

This notice provides CMA's and LSA's with:

- policy and instructions for processing requests for cotton loans for immediate commodity certificate exchange based on the date of the request rather than the date of processing
- procedures for processing loans requested for immediate commodity certificate exchange or regular loan and repayment requests received starting November 13, 2001, that were either not processed as a result of the CRTS malfunction or that were processed but based on rates effective after the date of the transaction request.

Disposal Date	Distribution
December 1, 2002	State Offices; State Offices relay to County Offices; FAX to CMA's and LSA's

2 Policy for Loans Advanced and Redeemed by Immediate Commodity Certificate Exchange

A

**LSA Producer
Requests for
Immediate
Commodity
Certificate
Exchange for
Cotton Loan
Collateral**

All loan eligibility requirements for a cotton loan must be met for a producer and for cotton to be eligible for immediate commodity certificate exchange, including CCC being made holder of all bales for any loan and commodity certificate exchange to be processed.

At the time of the producer's request for a loan for immediate commodity certificate exchange, LSA's shall accept the following forms, signed and dated by the LSA producer, or an LSA representative with power of attorney for the producer on FSA-211, as application:

- CCC-Cotton A-5
- CCC-694-2 with the following statement entered in Item 9 (Remarks):

“I acknowledge that this request for an immediate exchange of loan collateral for a commodity certificate, to be applicable to the attached list of cotton bales, is an irrevocable request that cannot be altered or withdrawn under any circumstance.”

Producer shall identify in CCC-694-2, Item 9 the entity (and Holder ID, if applicable) to whom the cotton loan collateral is to be released.

B

**Processing LSA
Producer
Requests for
Immediate
Commodity
Certificate
Exchange**

LSA's shall use the date (or the later if multiple dates) entered under CCC-694-2, Item 8 as the date for:

- establishing the loan repayment rate
 - determining the value of the commodity certificate for the loan collateral when the loan request and commodity certificate exchange is processed.
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2 Policy for Loans Advanced and Redeemed by Immediate Commodity Certificate Exchange (Continued)

B

Processing LSA Producer Requests for Immediate Commodity Certificate Exchange (Continued)

LSA's shall:

- submit the request for loan advance to ACRS, according to 21-CN, after acknowledgment that CCC is the holder
 - immediately submit the commodity certificate repayment to ACRS as an "N" transaction using the instructions for a "C" transaction according to 21-CN, paragraph 67 and Part 4, Section 3
 - prepare a CCC-719 trailer record for transaction code "N" according to 21-CN, subparagraph 216 A
 - **not** prepare a commodity certificate trailer record according to 21-CN, paragraph 268
 - prepare CCC-719 FAX according to 21-CN, paragraph 420
 - release warehouse receipts to producers in the normal manner.
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C

CMA Requests for Immediate Commodity Certificate Exchange for Cotton Loan Collateral

All loan eligibility requirements for a cotton loan must be met for CMA and for cotton to be eligible for immediate commodity certificate exchange, including CCC being made holder of all bales for any loan and commodity certificate exchange to be processed.

CMA's shall request loans for immediate commodity certificate exchange by entering the following statement on CCC-719 submitted to ACRS for each transaction:

"We acknowledge that this request for an immediate exchange of loan collateral for a commodity certificate, to be applicable to the cotton bales applicable to this transaction, is an irrevocable request that cannot be altered or withdrawn under any circumstance."

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**2 Policy for Loans Advanced and Redeemed by Immediate Commodity Certificate Exchange
(Continued)**

D

CMA

**Submission of
Requests for
Immediate
Commodity
Certificate
Exchange**

CMA's shall:

- submit the request for loan advance to ACRS, according to 21-CN, after acknowledgment that CCC is the holder
 - immediately submit the commodity certificate repayment to ACRS as an "N" transaction using the instructions for a "C" transaction according to 21-CN, paragraph 67 and Part 4, Section 3
 - prepare a CCC-719 trailer record for transaction code "N" according to 21-CN, subparagraph 216 A
 - **not** prepare a commodity certificate trailer record according to 21-CN, paragraph 268
 - prepare CCC-719 FAX according to 21-CN, paragraph 420 with the statement required by subparagraph C
 - obtain release of warehouse receipts in the normal manner.
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E

**Lien Search or
Certification**

Loans requested by LSA producers for immediate commodity certificate exchanges are not subject to:

- lien searches
- producer certification of lien holders.

Note: LSA's must complete lien searches, and obtain lien waivers in the normal manner for loans not immediately exchanged with commodity certificates **for the entire loan quantity.**

3 Processing Transactions Affected by CRTS Malfunctions

A

**Processing Loans
Requested by
LSA Producers
for Immediate
Commodity
Certificate
Exchange Not
Processed
Because of CRTS
Malfunction**

For loans requested by LSA producers for immediate commodity certificate exchange but the transaction was not processed because of CRTS malfunctions, LSA's shall:

- request producers to sign and date CCC-694-2 with the following statement entered in Item 9 (Remarks):

“I acknowledge that this request for an immediate exchange of loan collateral for a commodity certificate, to be applicable to the attached list of cotton bales, is an irrevocable request that cannot be altered or withdrawn under any circumstance.”
- process all loan applications for which CCC-694-2 is provided
- for establishing the loan repayment rate and the value of the commodity certificate for the loan collateral exchange, use the date the loan request was submitted to FSA on CCC Cotton A-5, if submitted, without regard to the rate and value on the date of processing or the date of CCC-694-2
- for loans for immediate exchange with a commodity certificate that were requested but not processed before the AWP change of November 8, 2001, because of workload and prior policy, use AWP effective from 5 p.m. eastern time November 8 through 4 p.m. eastern time November 15, 2001
- create and retain until further notice, documentation of CRTS and ACRS submission attempts that failed from November 8 through November 15, validating requests transmitted before applicable ACRS deadlines
- contact KCAO, APD at 816-926-2621 for further processing instructions.

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3 Processing Transactions Affected by CRTS Malfunctions (Continued)

B

Transaction Correction by LSA's

Transactions (requests for loans for immediate exchange for commodity certificates, loans, or cash or certificate loan repayments) that were processed before the receipt of this notice and based on rates effective after the date of the transaction request may be corrected by recalculating the transaction based on the date of the request. No corrections are authorized if the cotton has been sold and the warehouse receipts are unavailable to CCC.

C

CMA Requests for Immediate Commodity Certificate Exchange Not Processed Because of CRTS Malfunction

Cotton CMA's with ACRS transactions affected by CRTS malfunctions shall:

- for loans for immediate exchange with a commodity certificate that were requested but not processed before the AWP change of November 8, 2001, because of workload and prior policy, use AWP effective from 5 p.m. eastern time November 8 through 4 p.m. eastern time November 15, 2001
 - create and retain until further notice, documentation of CRTS and ACRS submission attempts that failed from November 8 through November 15, validating requests submitted before applicable ACRS deadlines
 - contact KCAO, APD at 816-926-2621 for further processing instructions.
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D

Processing Other Requests Affected by Malfunction

For loan requests for which no immediate commodity certificate exchange was requested, or for which repayments were requested, but not processed because of the CRTS malfunction, LSA's shall:

- process loan requests based on the date of loan request
 - repay the loan based on AWP on the date of repayment
 - enter into the loan file a written, signed, and dated statement attesting to the circumstances under which the request occurred.
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